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J. Michael Hickey
President

June 5, 2002

Thomas B. Getz, Chairman
New Hampshire Public Utilities Commission
8 Old Suncook Rd.
Concord, NH 03301-7319

Re: Verizon New Hampshire Section 271 Inquiry

Dear Mr. Chairman:

Verizon New Hampshire (Verizon NH) is responding further to the Commission's letters dated March 1 and April 10, 2002, which, among other things, set out the Commission's preliminary analysis concerning Verizon NH's compliance with the fourteen-point competitive checklist of Section 271(c) of the Telecommunications Act of 1996 (the Act). Verizon NH appreciates the continuing efforts of the Commission and Staff to arrive at a set of conditions that will allow Verizon NH to proceed with its § 271 application to the FCC, with the resulting benefits to New Hampshire consumers.

We understand that the Commission has requested that Verizon NH provide a summary of its current position vis a vis satisfying the conditions enumerated in the Commission's letter dated March 1, 2002. The paragraphs below set out the manner in which Verizon NH is prepared to address each condition. Verizon NH will not contest, and will comply with, these conditions, subject to the Commission's approval of these conditions without imposing further requirements beyond those identified below. We have no doubt that the Commission will find the conditions as set forth below meet the concerns raised. As a result, the Commission will be able to make a favorable recommendation to the FCC in connection with Verizon NH's Section 271 application.

1. Verizon NH will convert its Statement of Generally Available Terms (SGAT) to a tariff by year-end 2002 and incorporate the interconnection, UNE, and resale provisions of the SGAT into Tariff No. 84. While the significant reorganization and reformatting effort is underway,

Verizon NH will treat the existing SGAT like a tariff, making it available to all CLECs without the need to enter a specific agreement. Verizon NH will promptly file modifications to its SGAT and tariff to reflect changes in the services and network elements required by the Act, as determined by the FCC or the courts. Verizon NH also will continue to negotiate interconnection agreements with requesting carriers, in accordance with the Act.

2. Verizon NH will reduce the unbundled network element (UNE) zone 3 (rural) 2-wire analog loop rate to \$25 and the 4-wire analog loop rate to \$50. Verizon NH also will reduce switching and transport rates as set forth on Attachment 1. Verizon NH also will reduce UNE DS1 loop rates in all three density zones by 20%.

In addition, Verizon NH will revise its rates for UNE Daily Usage File (DUF) (referred to in the SGAT as UNE call usage detail) as follows:

DUF rate element	Current rate	Proposed rate
Record charge	\$.004144	\$.001197
Transmission charge	<u>\$.000118</u>	<u>\$.000022</u>
Total	\$.004262	\$.001219
Per tape/cartridge	\$20.12	\$14.36

Verizon NH will file revised SGAT pages with the above rate changes for immediate effect within two business days of receipt of the Commission's final letter of conditions.

Verizon NH understands the Commission retains the authority to direct Verizon NH to file new cost studies for UNEs in the future. Similarly, Verizon NH retains the right to file new cost studies and request that the Commission adopt different UNE rates in the future. In addition, Verizon NH retains the right to request that the Commission modify UNE rates as a result of applicable FCC or court decisions.

3. The Commission's recently established unbundled local switching charges, based on the modified Stipulation in DT 97-171, do not result in "double counting" for calls that both originate and terminate within a central office switch. A change in the manner of charging such calls, as the Commission suggested in its March 1 letter, would not permit Verizon NH to recover the total TELRIC-based costs for local switching.

4. Verizon NH will amend its SGAT to include the following provision from the Massachusetts tariff 17, Section 15.1.1B:

Requests for combinations of local loop and local switch port UNEs that are not ordinarily combined and have not previously been combined in the Telephone Company network will be made available to the extent technically feasible pursuant to the bona fide request process

The network elements that are subject to the unbundling requirement may change from time to time, in accordance with applicable FCC or judicial decisions. Verizon NH reserves all rights to

request modifications to its SGAT or the tariff referred to in paragraph 1 above, such as seeking to cease providing or modifying new UNE-P combinations, as a result of a court or FCC decision that new combinations, or any individual UNE that the combination comprises, no longer are subject to the unbundling requirement.

5. In substitution for the Commission's suggestion that Verizon NH create a CLEC-only intrastate special access tariff for DS-1 and DS-3 services using UNE rates and SGAT terms and conditions (with a \$1.00 rate for the special access until it is converted to a UNE), Verizon NH will conduct a six month trial offering of tariffed ISDN BRI service, with unlimited circuit switched data usage, at a monthly per line rate of \$30 for residence and \$50 for business customers, which Verizon NH believes may be below cost. The business trial offering will be limited to customers that have no more than 3 exchange lines and will not be offered to more than 50 total lines in each exchange during the trial. These trial rates are in addition to the tariff rate for unlimited residence/business basic exchange service.

Verizon NH will work with Staff to select six rural exchanges in which to conduct the trial. Service will be provided subject to equipment availability in the relevant central offices. Within two months of the completion of the trial, Verizon NH will submit an economic analysis of the trial service. In the event the trial service is not offered on a permanent basis, Verizon NH will "grandfather" existing trial customers and continue to offer them the service for an additional 24 months beyond the end of the trial. The trial will be discontinued in any of the trial exchanges if DSL is subsequently offered by Verizon in that exchange. In such event, existing customers of the trial service will be grandfathered for a period of 24 months beyond the end of the trial.

To further enhance the possibility of advanced services provisioning in New Hampshire, Verizon NH will reallocate the dollars at risk under the NHPAP applicable to DSL services, similar to the reallocations specified by the Vermont Public Service Board in its favorable recommendation to the FCC regarding Verizon's Section 271 application in that state. Verizon NH will file revised PAP pages in compliance with the Commission's March 29, 2002, and May 24, 2002, orders and this letter within five business days of receipt of the Commission's final letter of conditions, for effect in accordance with the terms of the NHPAP.

6. Verizon NH will work with Staff to develop a critical-need customer category (e.g., police, fire and hospital) that identifies end-user customers whose continued telephone service is essential to health and safety, so as to prevent service disruptions during a transfer to another carrier and to reestablish service should an interruption occur.

7. Consistent with Commission statutory authority, Verizon NH will implement a rapid-response process like that described in Part B of Appendix A to the Maine Commission's letter dated March 1, 2002, to address issues in dispute between Verizon NH and CLECs. The process will be tested for six months, and Verizon NH and Staff will report to the Commission proposed revisions, if any, based on actual experience.

8. Verizon NH will convert the approximately 120 interim number portability arrangements maintained by two CLECs to permanent number portability, subject to obtaining full cooperation

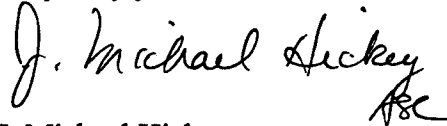
from the CLECs that have these arrangements with Verizon NH. Verizon NH understands that Staff will facilitate the conversion.

9. Verizon NH agrees to negotiate in good faith to attempt to reach a mutually acceptable resolution of the DC power dispute with Bay Ring Communications, currently pending in Docket DT 00-072. To the extent that Verizon NH and Bay Ring are unable to reach agreement despite good faith efforts, Verizon NH agrees to request that Staff mediate their dispute in a further attempt to amicably resolve the matter, subject to Verizon NH's continuing legal rights.

10. Verizon NH will require employees who provide service to CLECs to identify themselves upon request using either an employee identification number or first and last name.

We appreciate the efforts undertaken by Commission staff during these past weeks to resolve these matters. Please do not hesitate to call me, or have your staff contact Alan Cort or Victor Del Vecchio, if you have any questions or wish to discuss any matter further.

Very truly yours,

A handwritten signature in cursive script that reads "J. Michael Hickey". To the right of the signature, there is a small, stylized monogram or set of initials, possibly "JMH".

J. Michael Hickey

**New Hampshire
Proposed Rate Changes**

Attachment 1

Time of Day Distribution

Day	35%	35%
Evening	40%	40%
Night	25%	25%

	Current	Benchmark to New York	Reduction
Local Switching (=Meet Point C)			
Day	\$ 0.002946	\$ 0.002425	-17.7%
Evening	\$ 0.003887	\$ 0.003199	-17.7%
Night	\$ 0.001632	\$ 0.001343	-17.7%
Composite	\$ 0.002994	\$ 0.002464	-17.7%
End Office Trunk Port			
Day	\$ 0.000468	\$ 0.000385	-17.7%
Evening	\$ 0.000803	\$ 0.000661	-17.7%
Night	\$ -	\$ -	0.0%
Composite	\$ 0.000485	\$ 0.000399	-17.7%
Tandem Switching			
Day	\$ 0.000895	\$ 0.000737	-17.7%
Evening	\$ 0.000941	\$ 0.000774	-17.7%
Night	\$ 0.000831	\$ 0.000684	-17.7%
Composite	\$ 0.000897	\$ 0.000739	-17.7%
Tandem Trunk Port			
Day	\$ 0.000720	\$ 0.000593	-17.7%
Evening	\$ 0.001236	\$ 0.001017	-17.7%
Night	\$ -	\$ -	0.0%
Composite	\$ 0.000746	\$ 0.000614	-17.7%
Common Transport			
Day	\$ 0.000399	\$ 0.000328	-17.7%
Evening	\$ 0.000687	\$ 0.000565	-17.7%
Night	\$ -	\$ -	0.0%
Composite	\$ 0.000414	\$ 0.000341	-17.7%
UNRCC (=Meet Point A & B)			
Day	\$ 0.003414	\$ 0.002810	-17.7%
Evening	\$ 0.004690	\$ 0.003860	-17.7%
Night	\$ 0.001630	\$ 0.001341	-17.7%
Composite	\$ 0.003478	\$ 0.002863	-17.7%
UCRCC			
Day	\$ 0.003414	\$ 0.002810	-17.7%
Evening	\$ 0.004690	\$ 0.003860	-17.7%
Night	\$ 0.001630	\$ 0.001341	-17.7%
Composite	\$ 0.003478	\$ 0.002863	-17.7%
Unb. Local Comm. Trans.			
Day	\$ 0.000867	\$ 0.000714	-17.7%
Evening	\$ 0.001490	\$ 0.001226	-17.7%
Night	\$ -	\$ -	0.0%
Composite	\$ 0.000899	\$ 0.000740	-17.7%
Unb. Toll Comm. Trans.			
Day	\$ 0.001414	\$ 0.001164	-17.7%
Evening	\$ 0.002310	\$ 0.001901	-17.7%
Night	\$ 0.000166	\$ 0.000137	-17.7%
Composite	\$ 0.001460	\$ 0.001202	-17.7%
Tandem Transit Switching			
Day	\$ 0.002335	\$ 0.001922	-17.7%
Evening	\$ 0.003413	\$ 0.002809	-17.7%
Night	\$ 0.000831	\$ 0.000684	-17.7%
Composite	\$ 0.002390	\$ 0.001967	-17.7%